

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

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TAGS: ELAB, IS, PINS, EAID, EFIN

SUBJECT: EGGED BUS STRIKE CONTINUES

REF: TEL AVIV 0589

SUMMARY: EGGED BUS STRIKE TYING UP TWO-THIRDS OF PUBLIC
TRANSPORT SYSTEM DRAGS ON. AFTER SOME ARRESTS, CLASHES
BETWEEN DRIVERS AND INCONVENIENCED COMMUTERS APPEAR TO
HAVE SUBSIDED. IN THE MEANTIME NEGOTIATIONS
OVER SUBSIDIES AND EGGED DEBT OBLIGATIONS
CONTINUE. EGGED BUS LINES NOW EXPECTED TO BE TIED UP
FOR AT LEAST ANOTHER WEEK, WITH PROSPECT OF EVENTUAL
TEMPORARY GOVERNMENT OPERATION OF LINES INCREASING.
END SUMMARY.

1. TEMPERS CONTINUE TO RUN HIGH AS EGGED BUS STRIKE
DRAGS INTO SEVENTH DAY. NEWSPAPERS REPORTED NUMEROUS
CLASHES BETWEEN STRIKERS, DRIVERS OF PRIVATE CARS AND
TRUCKS SEEKING TO PICK UP PASSENGERS, AND PASSENGERS
ANGERED BY INCONVENIENCE. EGGED BUS DRIVERS
TRIED TO BLOCK BUS TERMINALS, STREETS, SOUGHT TO INTER-
FERE WITH TRAFFIC BY DRIVING BUSES SLOWLY THROUGH
NARROW STREETS, AND SOUGHT UNSUCCESSFULLY TO PERSUADE
OTHER BUS LINES TO JOIN STRIKE. NUMEROUS BUSES WERE

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REPORTED DAMAGED BY ANGRY CROWDS.

2. HOWEVER, POLICE NOW REPORT THAT EGGED BUS DRIVERS, AFTER SOME ARRESTS, STOPPED MOST INTERFERENCE WITH TRAFFIC AND THE ORGANIZATION OF ALTERNATE MEANS OF TRANSPORTATION. ALTHOUGH ABSENTEEISM IN FACTORIES AND OFFICES HAS SOMEWHAT INCREASED, MOST PEOPLE ARE ABLE TO FIND ALTERNATE MEANS OF TRANSPORTATION, ALBEIT AT INCREASED INCONVENIENCE AND COST.

3. IN MEANTIME THREE WAY NEGOTIATIONS CONTINUE BETWEEN EGGED MANAGEMENT, MINISTRY OF TRANSPORTATION, AND KNESSET FINANCE COMMITTEE WHICH IS BARRING ADDITIONAL GOVERNMENT SUBSIDIES UNTIL EGGED ACCEPTS OBLIGATION TO DISPOSE OF PART OF MEMBERS' ASSETS TO MEET ITS DEBTS. BASIS FOR LATEST NEGOTIATION IS MINISTRY OF TRANSPORT PROPOSAL THAT EGGED ACCEPT ARBITRATION OF APPORTIONMENT OF ITS DEBT LIABILITIES BETWEEN GOVERNMENT AND COMPANY. EGGED MUST PLEDGE IN ADVANCE TO ABIDE BY DECISION AND PERMIT REPLACEMENT OF HISTADRUT REPRESENTATIVE ON ITS MANAGEMENT BOARD BY MINISTRY OF TRANSPORTATION APPOINTEE UNTIL EGGED FINANCES ARE CLEARED UP.

4. SO FAR MAJORITY OF EGGED MEMBERS, WHO ARE ASKED TO TAKE SHARP CUTS IN VALUE OF THEIR SHARES, ARE ANGERED BY WHAT THEY CONSIDER AS GOVERNMENT CONFISCATORY ACT AND REFUSE TO AUTHORIZE MANAGEMENT TO MAKE CONCESSIONS. KNESSET FINANCE COMMITTEE, IN TURN, CONTINUES TO BIND MINISTRY OF TRANSPORTATION'S HANDS BY PROHIBITING EVEN PARTIAL PAYMENTS OF SUBSIDIES UNTIL EGGED RESUMES OPERATIONS. ALTERNATIVE PROPOSALS ARE TO FORCE EGGED INTO BANKRUPTCY OF TO LET GOVERNMENT PURCHASE EGGED'S PHYSICAL ASSETS WHILE COOP OPERATES LINES UNDER SERVICE CONTRACT.

5. EGGED, HISTADRUT, AND GOVERNMENT OFFICIALS HAVE TOLD EMBASSY THAT THEY EXPECT STRIKE TO CONINUE FOR WEEK OR SO, UNTIL WAYS ARE FOUND FOR RESUMING INTERIM SUBSIDY PAYMENTS WHILE QUESTION OF DEBT SETTLEMENT IS BEING NEGOTIATED. EGGED CLAIMS THAT BANKRUPTCY NOT LIKELY, SINCE SEVERAL BIG BANKS WHO ARE EGGED'S PRINCIPAL LIMITED OFFICIAL USE

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CREDITORS WOULD BE SERIOUSLY AFFECTED. QUESTION OF NATIONALIZATION ALSO NOT LIKELY BECAUSE OF LACK OF GOVERNMENT FUNDS. HOWEVER, IF NO IMMEDIATE AGREEMENT POSSIBLE, GOVERNMENT MAY TAKE OVER EGGED OPERATIONS AS TEMPORARY EMERGENCY MEASURE FOR WHICH POWERS ALREADY EXIST. CRISIS IS VIEWED BY OLD-TIMERS IN HISTADRUT AS SYMPTOMATIC OF BREAKDOWN OF "OLD BOYS CLUB" AMONG VETERAN ZIONISTS. THEY SAY THAT "BEN GURION OR GOLDA

MEIR WOULD HAVE FOUND WAY OUT WITHOUT KNESSET INTER-
FERENCE". SIC TRANSIT GLORIA MUNDI.
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